



Water & Wastewater Treatment Equipment

Vietnam

Market Overview

Vietnam's market for water and wastewater equipment and services is expected to total \$320 million in 2004, with estimates of annual growth rates of 20% in the next five years. The government has spent an amount equivalent to 0.3% of the country's GDP each year for environmental protection activities, with plans to increase this budget to 1% of GDP by 2010, according to the National Strategy of Environmental Protection. Financing for environmental projects continues to come mainly from Official Development Assistance (ODA) sources. Whether funded bilaterally or multilaterally, these projects offer numerous opportunities for foreign equipment suppliers, engineering and consulting firms and represent a major component of Vietnam's environmental technology market. To date, local production of environmental equipment cannot meet the demand of the market, especially the requirements of ODA-funded projects. Vietnam imports most of its key environmental and pollution control equipment. Among imports, U.S. products and technologies are highly regarded for their quality, making Vietnam's environmental market a promising one.

U.S. Position and Competitors

Over the past 15 years, Denmark, Finland, Holland, Japan, Sweden, Australia, and France have been the most active countries in financing bilateral aid projects for the environmental sector or co-financing multilateral aid projects. Government grants from these countries have been used to finance feasibility studies and master plans for environmental improvements and pollution prevention in Vietnam. Companies from these countries are often well positioned to win the design contracts and subsequently engineering and equipment contracts. As is the case in numerous industries in Vietnam, U.S. companies are playing "catch-up" in the environmental technologies and services market in Vietnam.

U.S. products such as water pumps, water filtration and purification equipment, and control systems have a solid reputation among local buyers. U.S. products are usually highly regarded for their quality. Therefore, the major hurdle to overcome in this market is the initial cost of the products and services.

Best Sales Prospects

- Water purification products and equipment
- Pumps and valves
- Ductile iron pipes
- Water meters

- Water loss control equipment/systems
- Water distribution control/management
- Water sampling/testing equipment
- RO desalinating systems
- Wastewater treatment components/equipment
- Industrial wastewater treatment
- Equipment for repairing municipal drainage/sewage systems

Commercial Opportunities

ODA-financed projects make up the largest market for water and wastewater equipment and services. The World Bank's lending program in Vietnam for the next three years is projected at \$700 million per year on average. The Bank has financed projects concentrated in the areas of energy, water supply and sanitation, urban management, and rural development. The Asian Development Bank has also committed \$975 million in loans for Vietnam for the period of 2004-2006.

Various equipment for water supply (water meters, valves, pumps, motors, water treatment chemicals, control systems, etc.) and wastewater treatment (aerators, diffusers discs, air blowers, interceptors, large sewer screens, etc.) have to be imported to meet the requirements of the ODA projects. Equipment imported for ODA non-lending programs is duty-free. Equipment packages over \$500,000 are typically procured through international competitive bidding.

Market Access

The best opportunities for water and wastewater equipment and services comes from ODA financed projects. It is essential to maintain contact with ODA sources to remain abreast of project opportunities and status. Tracking (includes establishing relationships with implementing agencies, ministries, and project management units at the bidding successfully on ODA projects depends both on meeting the detailed qualifications set out in bidding documents and establishing relationships with key local decision makers.

Many companies set up representative offices and/or distributors and agents to do business in Vietnam. Local agents and distributors can be invaluable for their existing distribution network, technical and sales staffs, contacts, and relationships with provincial, municipal, and governmental officials. It is important to provide local agents/distributors with adequate training so that they are able to provide quality after-sales services to buyers. Representative offices also initiate marketing strategies and conduct various marketing activities including advertising, business promotion, product knowledge training, and technical seminars and demonstrations. However, representative offices are not allowed to sell goods directly or sign contracts with customers. Representative offices can only identify potential buyers, and negotiate preliminary terms and conditions of sales contracts.

Learn more about how we promote U.S. products and services in Vietnam by visiting our website at www.BuyUSA.gov/Vietnam or by contacting Commercial Attaché John Simmons at Hanoi.Office.Box@mail.doc.gov.

